

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 10/21/2013

GAIN Report Number: RS1370

Russian Federation

Post: Moscow

Russian Oilseeds Update

Report Categories:

Oilseeds and Products

Approved By:

Levin Flake

Prepared By:

Yelena Vassilieva

Report Highlights:

FAS/Moscow estimates 2013 production of Russia's three major oilseed crops (sunflowerseed, rapeseed, and soybeans) at 11.2 million metric tons (MMT), 3 percent (0.37 MMT) more than in 2012. Area sown to oilseeds in 2013 increased by 9 percent (0.86 million hectares) to 10.98 million hectares. FAS/Moscow forecasts the sunflowerseed crop at 8.5 MMT, only 6 percent more than in 2012, despite an 11 percent increase in sown area. Heavy rains in August and September in European Russia postponed the sunflowerseed harvest, which continues to lag behind last year. FAS/Moscow estimates a record rapeseed crop in 2013 at 1.3 MMT, almost 0.3 MMT higher than in 2012, primarily due to increased production of winter rapeseeds. For soybeans, August floods in the Far East, Russia's major soybean producing area, reduced both soybean harvested area and yields in this region, and FAS/Moscow has decreased the Russian 2013 soybean crop estimate to 1.4 million metric tons (MMT), compared to 1.8 MMT in MY 2012.

General Information:

FAS/Moscow estimates production of Russia's three major oilseed crops (sunflowerseeds, soybeans, and rapeseeds) at 11.2 million metric tons (MMT), including 8.5 MMT of sunflowerseeds (6 percent up from last year), 1.4 MMT of soybeans (22 percent decrease from 2012), and 1.3 MMT of rapeseeds (26 percent up from 2012). Area sown to these three oilseeds in 2013 increased by 10 percent (0.86 million hectares) to 10.06 million hectares. This includes an 11.4 percent increase in sunflowerseed sown area, and a 13.6 percent increase in rapeseed area. Area sown to soybeans in 2013, however, decreased by 25,000 hectares or 0.8 percent. For soybeans, severe floods in the Far East, Russia's major soybean producing area, reduced both soybean harvested area and yields in this region, and FAS/Moscow has decreased the estimate for soybean production as a result. For sunflowerseeds, heavy rains in August and September in European Russia postponed the harvest. Despite improved weather in the first half of October, harvesting is still lagging behind last year. So far reported yields are higher than in the last two years, which increases chances for an above average sunflowerseed crop in Russia. FAS/Moscow forecasts a larger 2013 rapeseed crop because of increased area and low winterkill of high yielding winter rapeseeds. Also, due to the fact that it is harvested earlier, the rapeseed crop was not impacted by the heavy September rains.

FAS/Moscow forecasts oilseeds imports (primarily soybeans) to increase from 0.7 MMT in MY 2012/2013 to 1.1 MMT in MY 2013/2014 in order to compensate for the smaller domestic soybean crop. Exports of oilseeds will remain low (0.2 MMT). However, in accordance with WTO commitments Russia decreased export duties on certain oilseeds beginning September 1, 2013. Thus, beginning September 1, 2013, the export duty on sunflowerseeds decreased from 20 percent, but not less than 30 Euro per metric ton (MT), to 16.62 percent, but not less than 24.94 Euro per MT. The export duty on soybeans is lowered from 20 percent, but not less than 35 Euro per MT, to 13.33 percent, but not less than 23.33 Euro per MT. The export duty on rapeseeds will remain 15 percent, but will not be less than 27.13 Euro per MT, while previously it was not less than 30 Euro per MT. The relevant Resolution of the Government of the Russian Federation No. 754 of August 30, 2013 is here: <http://government.ru/docs/4209>.

FAS/Moscow forecasts domestic crush of all three major oilseeds in MY 2013/2014 at 11.45 MMT compared to 10.87 MMT in MY 2012/2013, including 7.8 MMT of sunflowerseeds (5 percent increase from 2012/2013), 2.4 MMT of soybeans (the same level as in 2012/2013) and almost 1.25 MMT of rapeseeds (19 percent increase from last year).

Production:

Oilseeds Production and Trade

Oilseeds Sown Area

According to official State Statistical Service (Rosstat) data, sown area for all 2013 oilseed crop increased from 2012 by 9.1 percent to 10.98 million hectares, and was the largest area sown to oilseeds in Russian history. Almost 92 percent of this area, or 10.06 million hectares, was sown to Russia's three major oilseed crops (sunflowerseeds, soybeans and rapeseeds). This area increased from last year by 10

percent, with most of the increase due to sunflowerseed and rapeseed. Sunflowerseed sown area increased by 11.4 percent to 7.24 million hectares, and area sown to rapeseeds increased by 13.6 percent to 1.35 million hectares. The increase in rapeseed was primarily due to winter rapeseed area more than doubling from 106,000 hectares to 242,000 hectares¹. Area sown to soybeans, however, fell by 0.8 percent from last year to 1.46 million hectares. Mustard is not a major crop, but its area increased by 31.2 percent to 153,000 hectares. Area sown to oil flax decreased by 21.7 percent from 616,000 hectares to 482,000 hectares. However, area sown to other oilseeds, including wild flax for oil (camelina), almost doubled and reached 292,000 hectares.

Table 1. Oilseeds Planted Area, 1,000 Hectares, 2003-2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sunflowerseeds	4,862	5,568	6,155	5,326	6,199	6,196	7,153	7,614	6,500	7,241
Soybeans	570	718	845	777	747	875	1,206	1,229	1,476	1,464
Rapeseeds	252	244	512	658	680	688	856	893	1,190	1,352
--- winter	89	85	80	150	145	178	218	175	105	242
--- spring	163	159	432	508	535	511	638	718	1,085	1,110
Mustard	103	107	91	58	58	101	110	134	118	153
Oil flax (Crown Flax)	NA	NA	NA	NA	85	146	267	500	618	482
False flax (Camelina)	NA	NA	NA	NA	12	11	23	54	118	ND
Other	39	43	87	112	2	3	1	23	67	292
TOTAL	5,826	6,680	7,690	6,931	7,783	8,020	9,616	10,447	10,087	10,984

Source: State Statistical Service of the Russian Federation (Rosstat)

Sunflowerseed Production

FAS/Moscow estimates 2013 sunflowerseed production to increase from 2012 levels by 6 percent to 8.5 MMT. According to official data, area sown to sunflowerseeds increased by more than 11 percent from last year. However most of the increase was in lower-yielding regions (such as the Volga Valley and Siberia), and area in higher-yielding areas actually fell. For example, in the Southern and North Caucasus Federal Districts, where the yields are high (for example in 2012 - 1.49 MT/ha and 1.54 MT/ha respectively), area sown to sunflowerseeds decreased due to high competition for land, and for resources (such as fuel, fertilizer, and equipment), with grain and some other crops. Area sown to sunflowerseeds in the Central Federal District did increase, and farmers were expecting high crop yields due to improved seeds and agro-technologies (average yields of sunflowerseeds in this district in 2012 was 1.88 MT/ha). However, continued heavy rains in August and September delayed the sunflowerseed harvest and may have impacted the high yield potential in this federal district.

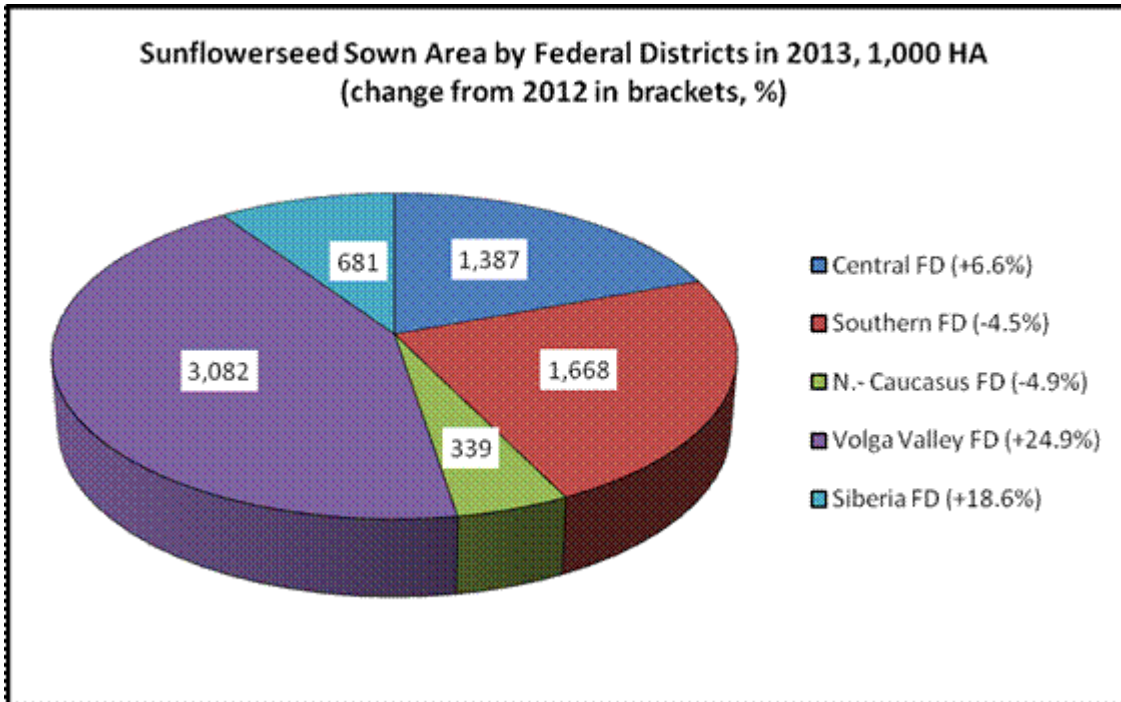
Sunflowerseed Harvest Progress

The sunflowerseed harvest has been greatly delayed this year as a result of continued heavy rains in September in almost all provinces of European Russia. As of October 21, 2013, Russian farmers harvested 5.7 MMT of sunflowerseeds from 3.2 million hectares, or 44.1 percent of planned sown area. In 2012, by the same date farmers had already harvested 6.8 MMT from 5.2 million hectares. Better harvesting weather in October has allowed progress to catch up to the pace of 2011, but still lags far below last year (in 2011 Russia got the highest sunflowerseed crop). The average yields of harvested

¹ Rosstat counts only winter rapeseed area where the crop was not destroyed by winterkill. The winter kill of rapeseeds in 2013 was small compared to 2012.

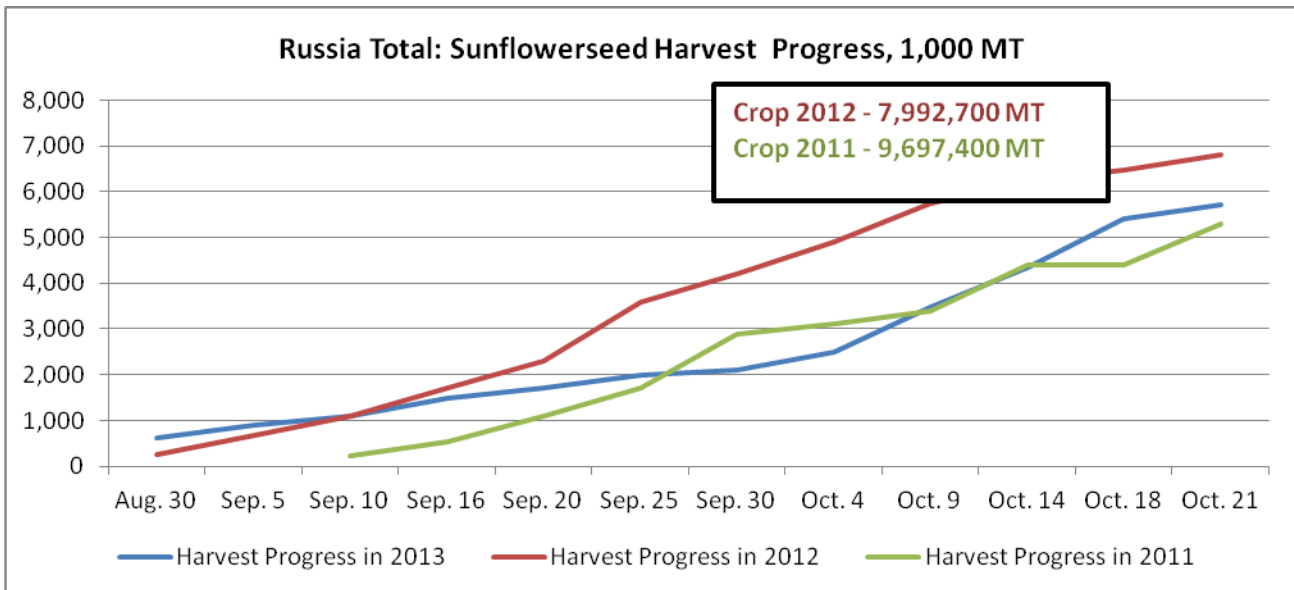
sunflowerseeds are higher than in the two previous years: 1.80 MT/ha in 2013 compared to 1.31 MT/ha in 2012 and 1.44 MT/ha in 2011.

Chart 1.



Source: Rosstat

Chart 2.



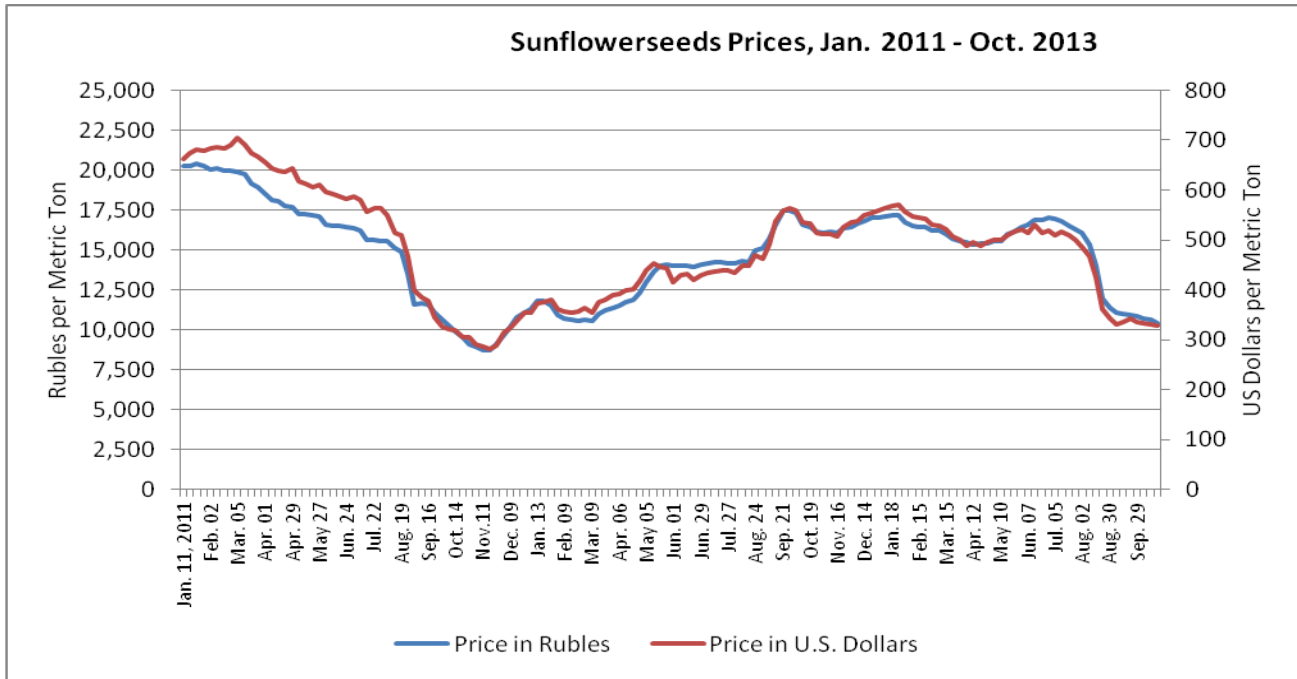
Source: FAS/Moscow's chart is based on the Russian Ministry of Agriculture's data on harvest progress.

Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

Expectations of a relatively large sunflowerseed crop are illustrated by the steadily decreasing prices for

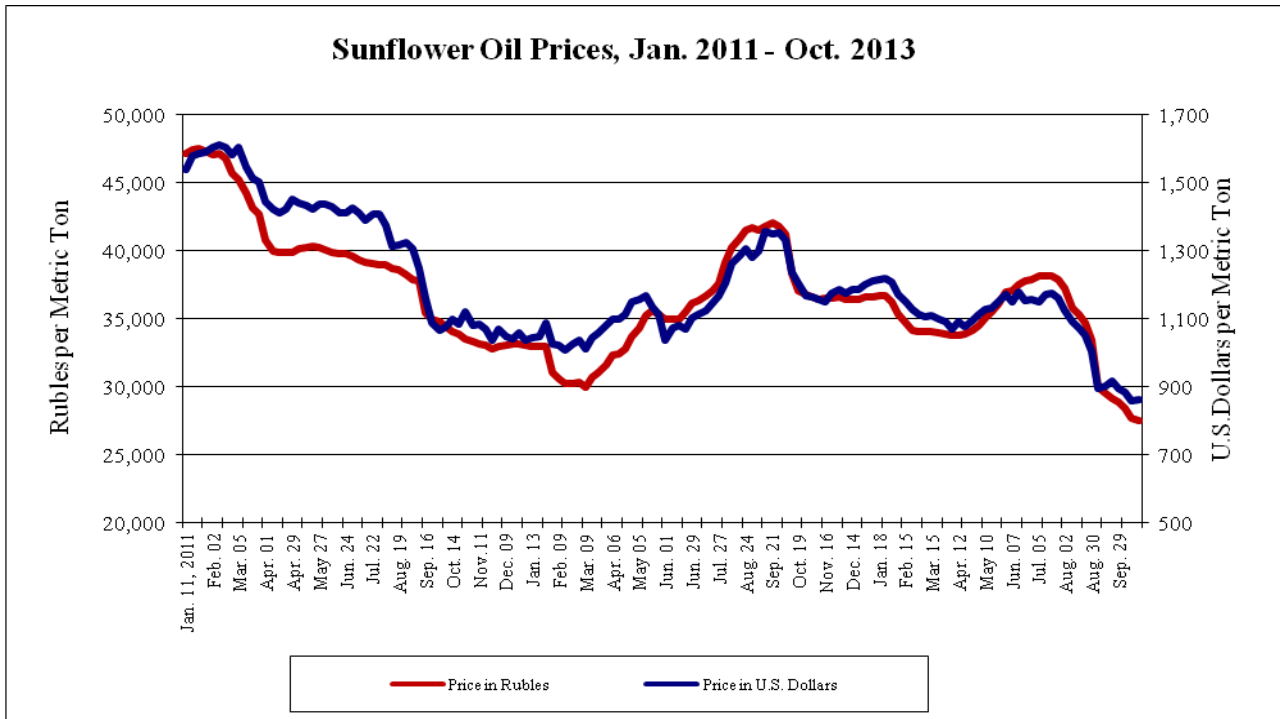
both sunflowerseed and sunflowerseed oil in European Russia (Charts 3 and 4).

Chart 3



Source: ProZerno

Chart 4



Source: ProZerno

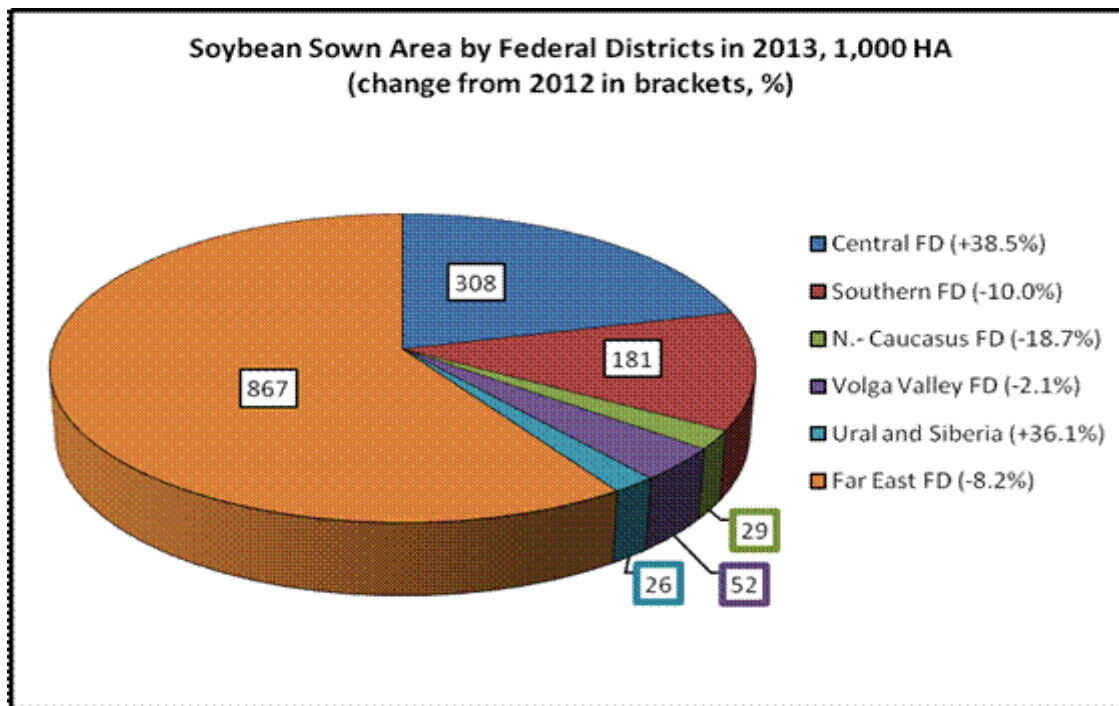
Sunflowerseed Trade

FAS/Moscow forecasts sunflowerseed exports to remain at low levels of only 0.1 MMT due to strong domestic demand for sunflowerseed for crushing. The 2013/2014 domestic crush is forecast at 7.8 MMT. Although export duties on sunseeds have decreased this year from 20 percent, but not less than 30 Euro per metric ton (MT), to 16.62 percent, but not less than 24.94 Euro per MT, it is unlikely this will have a significant influence on sunflowerseed exports in MY 2013/2014.

Soybean Production

FAS/Moscow forecasts 2013 soybean production at 1.4 MMT, 22 percent or 0.4 MMT lower than in 2012 due to severe floods in the Far East, the major soybean producing area in Russia. In 2013, Russian farmers planted 1.46 million hectares to soybeans, which is only 0.8 percent below the 2012 soybean planted area. Soybean planted area decreased in all soybean producing provinces except in the Central Federal District (Chart 5).

Chart 5.



Source: Rosstat.

Effects of Flood in the Far East and Rains in the European Russia

Severe floods in the Far East in August and September greatly impacted all agriculture in this region, and especially the soybean crop. According to updated Ministry of Agriculture's data, complete crop loss occurred on 368,100 hectares in the Far Eastern Federal District. As a result, soybean harvested area in this region is expected to be far below sown area as many fields will produce no crop at all. According to Ministry of Agriculture updates of soybean harvest progress, the total area planned for soybean harvesting in the Far East is only 592,500 hectares, while area sown to soybeans (spring 2013 data) was 867,000 hectares. The soybean crop was affected primarily in Amur oblast, the largest soybean producing province in Russia. In Amur oblast in particular, in 2013 farmers planted 584,000 hectares to soybeans, but according to the Ministry of Agriculture harvested area will be less than 60

percent of this at only 343,200 hectares. Moreover, even on the fields that will be harvested, due to the extreme rain, yields are expected to be 50 percent below normal. The situation in other provinces of the Far Eastern Federal District is slightly better, because most of the soybean fields were not as affected by flood. However, heavy rains there also led to yield damage, as well as washing out herbicides from the fields, which stimulated the spread of weeds. The Russian Soybean Union estimates that the total soybean crop in the Far East will decrease by 250,000 MT - 300,000 MT, or 20-25 percent from last year because of losses and yields decrease from the 1.2 MT/ha average in 2012 to 0.9 – 1.0 MT/ha in 2013². Meanwhile, some industry analysts estimate soybean crop losses in the Far East even higher at 400,000 MT – 450,000 MT.

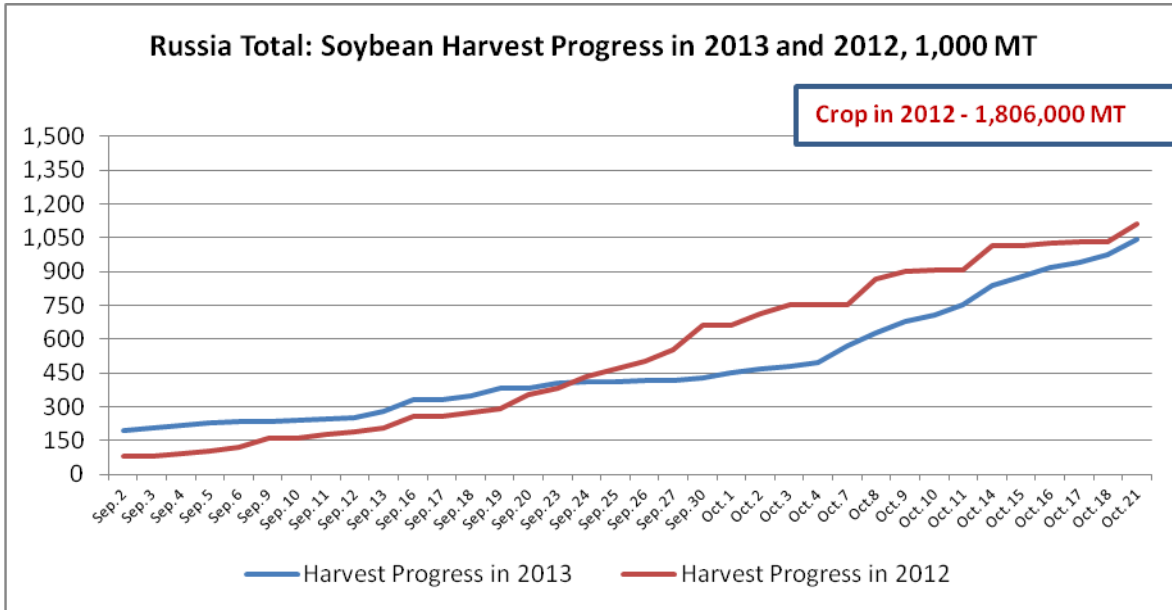
Although production is down considerably in the Far East, there has been increased area sown to soybeans and high yield potential in the Central Federal District. Despite heavy rains in European Russia in September, which postponed harvest, as of October 17, 2013, farmers in the Central Federal District harvested 0.43 MMT of soybeans (bunker weight), or 0.13 MMT more than on the same date last year. Nevertheless, with the major problems in the Far East, and lower area in the Southern Federal District, total soybean production in Russia is expected to decline for the first time in 6 years, and be down over 25 percent from last year.

Soybean harvest progress

As of October 21, 2013, Russian farmers harvested 1.04 MMT of soybeans from 747,900 hectares (62.9 percent of planned sown area). Harvest is lagging behind the last two years: on the same day in 2012 farmers harvested 1.11 MMT from 790,300 hectares, and in 2011 – 1.3 MMT from 858,600 hectares. Along with harvest moving to the Far East, Russia's average soybean yields decreased to levels lower than in the last two years. As of October 21, 2013, soybean yields were 1.39 MT/ha compared to 1.41 MT/ha in 2012, and 1.51 MT/ha in 2011 on the same date. By federal districts, soybean harvest progress varies significantly. Thus, as of October 21, 2013, farmers in the Central Federal District harvested already 84.6 percent of planned area and received a record crop of that district of 439,900 MT with the average yield of 1.69 MT/ha. Farmers in the Southern Federal District harvested 307,200 MT of soybeans from 88 percent of planned area, and this crop is 4 percent lower than in 2012. As for the Far East, farmers began harvesting soybeans only in the middle of September, and the harvest usually lasts through October and continues even into November. So far it is lagging behind last year and as of October 21, 2013, farmers harvested 247,200 MT of soybeans from 49.8 percent of planned area. In 2012 by this time the Far Eastern farmers harvested 395,400 MT of soybeans from 317,800 hectares.

Chart 6.

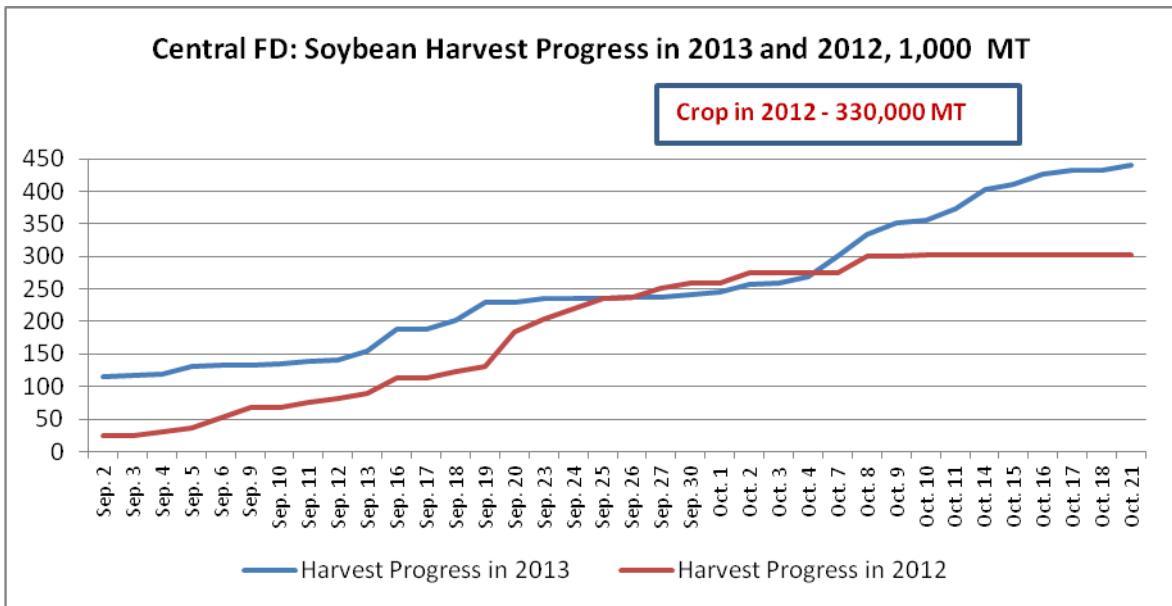
² Sources http://www.zrpress.ru/markets/primorje_10.09.2013_62480_primorskaja-soja-zakupit-chast-syrja-v-brazilii.html and <http://www.blogs.amur.info/news/2013/08/27/9.html>



Source: FAS/Moscow's chart is based on the Russian Ministry of Agriculture's data on harvest progress.

Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

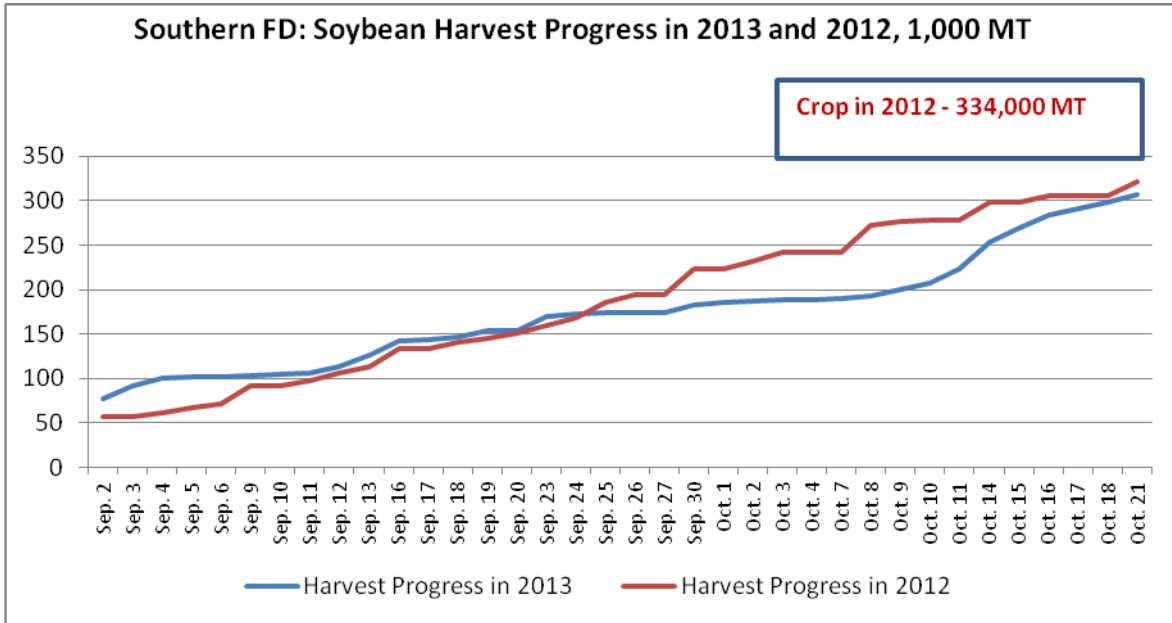
Chart 7.



Source: FAS/Moscow's chart is based on the Russian Ministry of Agriculture's data on harvest progress.

Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

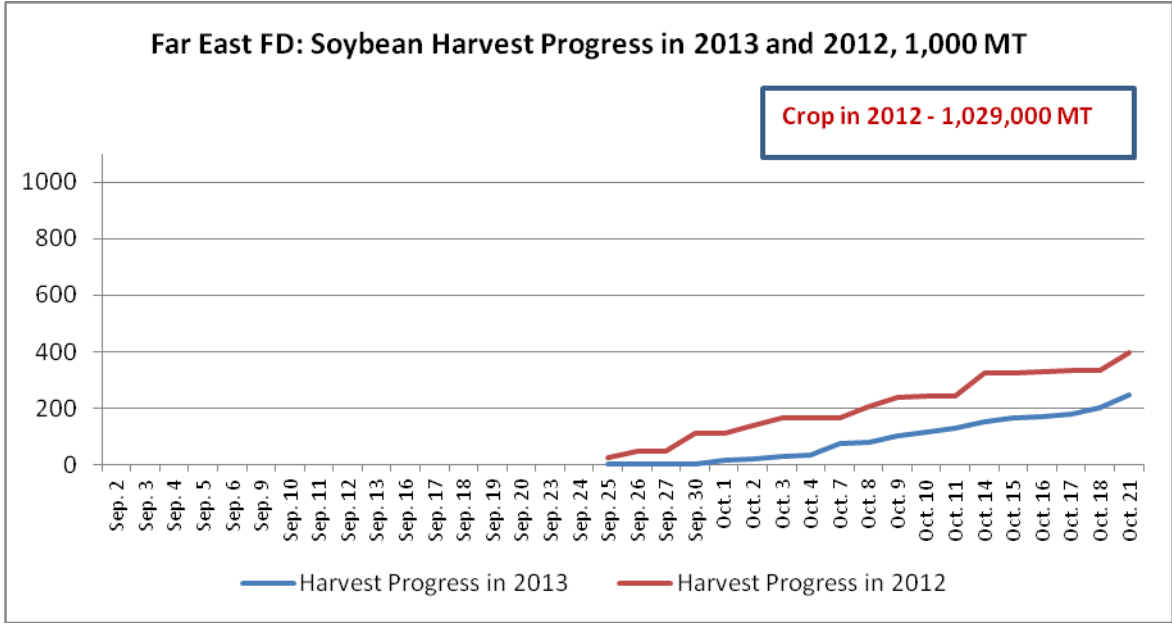
Chart 8.



Source: FAS/Moscow’s chart is based on the Russian Ministry of Agriculture’s data on harvest progress.

Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

Chart 9.



Source: FAS/Moscow’s chart is based on the Russian Ministry of Agriculture’s data on harvest progress.

Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

The flood damage and resulting reduced production in the Far East has also seriously damaged some crushers. While some small soybean crushing facilities were physically destroyed by the flooding, other larger crushing plants will experience difficulties due to the lack of supply of soybeans for crushing.

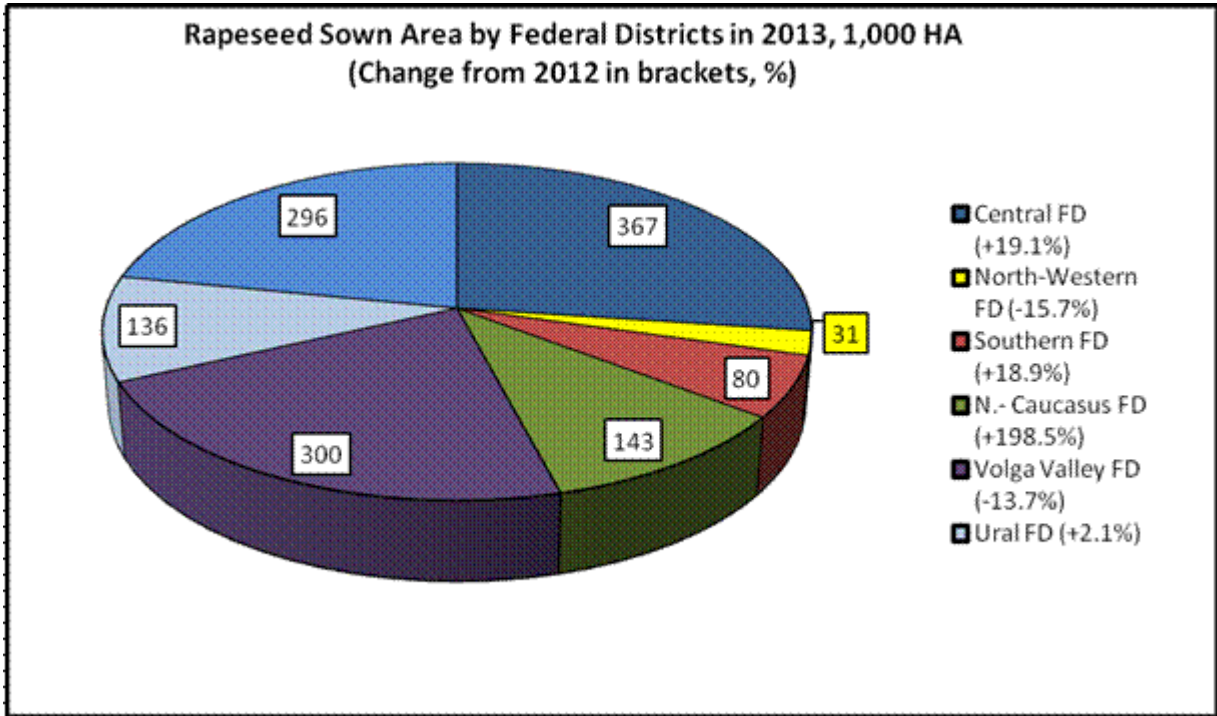
This situation has even led one of the largest crushers in the Russian Far East to contemplate that crushers there may actually import soybeans from Brazil. This is because transportation costs may actually be less from Brazil than from shipping soybeans by rail all the way from European Russia.

Soybean Trade

FAS/Moscow forecasts soybean imports to increase in MY 2013/2014 to 1.1 MMT, compared to 0.7 MMT in MY 2012/2013. During the last two marketing years, shipments of soybeans from the Far East to European Russia had been increasing due to expanded Far East production, and this has curbed growth in imports. A preferential railway tariff for transportation of soybeans from the Far East to European Russia also encouraged such shipments. Although beneficial tariffs will remain (for 2013/2014 the preferential tariffs on railway shipments of soybeans will apply with coefficient 0.33 – i.e. 67 percent discount - for transportation over 2,000 km) the lack of supplies in the Far East will mean very little is expected to move westward in 2013/2014. As a result of this expected dearth of Far Eastern soybeans available for crushers in European Russia, total imports of soybeans are expected to increase to satisfy demand.

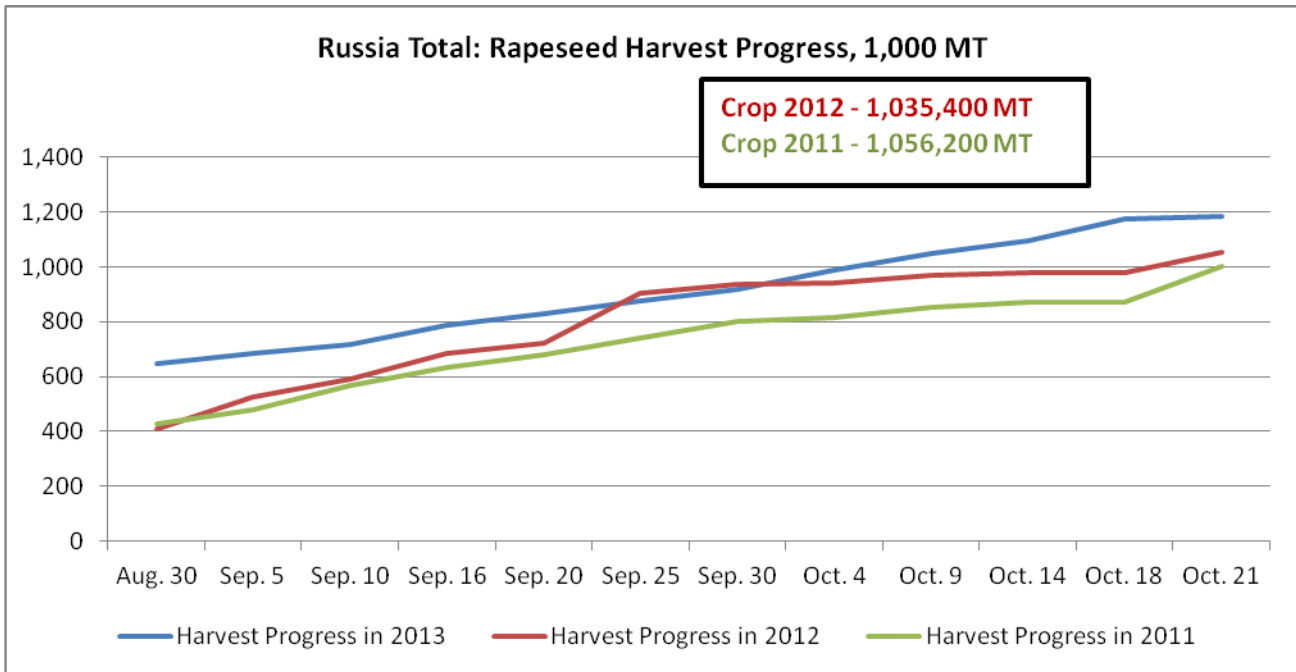
Rapeseed Production

FAS/Moscow forecasts a record rapeseed crop of 1.3 MMT in MY 2013/2014, due to increased sown area and a good winter rapeseed crop. The total area planted to rapeseeds in 2013 increased by 11.4 percent from last year to 1.35 million hectares. The 2013 area under winter rapeseeds more than doubled compared to 2012 and reached 242,000 hectares, while area sown to spring rapeseed increased by less than 1 percent. Most of the winter rapeseed production is focused in the North-Caucasus Federal District (Stavropol kray), while area under spring rapeseed is distributed in other federal districts. Yields of winter rapeseed are higher than yields of spring rapeseed, and harvest begins earlier. Thus the progress of rapeseed harvest in 2013 was faster than in 2012, and by October 21, 2013, farmers harvested 1.18 MMT of rapeseed from 960,900 hectares, or 74 percent of the total area planned for harvest. On the same date last year farmers harvested 1.05 MMT of rapeseed from 1.02 million. Average yield in 2013 is 1.23 MT/ha compared to 1.03 MT per hectare in 2012 and 1.27 MT/ha in 2011.



Source: Rosstat

Chart 11.



Source: FAS/Moscow's chart is based on Russian Ministry of Agriculture's data on harvest progress.
Note: Ministry of Agriculture does not report on the harvest progress in small farms and households.

Production, Supply and Demand Data Statistics :

Table 2. PSD, Sunflowerseed

Oilseed, Sunflowerseed Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	7,615	5,200	6,529	6,200	7,241
Area Harvested	7,200	7,235	6,125	6,148	6,800	7,180
Beginning Stocks	113	130	91	162	0	95
Production	9,627	9,697	7,959	7,993	8,900	8,500
MY Imports	28	10	30	10	20	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	9,768	9,837	8,080	8,165	8,920	8,605
MY Exports	332	330	31	50	200	100
MY Exp. to EU	54	5	0	10	0	10
Crush	8,600	8,600	7,550	7,400	7,920	7,800
Food Use Dom. Cons.	250	250	199	220	210	220
Feed Waste Dom. Cons.	495	495	300	400	430	350
Total Dom. Cons.	9,345	9,345	8,049	8,020	8,560	8,370
Ending Stocks	91	162	0	95	160	135
Total Distribution	9,768	9,837	8,080	8,165	8,920	8,605

1000 HA, 1000 MT

Table 3. PSD Soybeans:

Oilseed, Soybean Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Sep 2011		Market Year Begin: Sep 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,200	1,230	1,350	1,490	1,500	1,465
Area Harvested	1,180	1,180	1,350	1,300	1,100	1,190
Beginning Stocks	112	112	67	74	42	30
Production	1,749	1,756	1,880	1,806	1,600	1,400
MY Imports	741	741	700	700	1,050	1,100
MY Imp. from U.S.	25	25	45	100	25	100
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,602	2,609	2,647	2,580	2,692	2,530
MY Exports	90	90	100	100	50	50
MY Exp. to EU	2	0	0	0	0	0
Crush	2,400	2,400	2,440	2,420	2,540	2,400
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	45	45	65	30	50	40
Total Dom. Cons.	2,445	2,445	2,505	2,450	2,590	2,440
Ending Stocks	67	74	42	30	52	40
Total Distribution	2,602	2,609	2,647	2,580	2,692	2,530

1000 HA, 1000 MT

Table 4. PSD Rapeseed

Oilseed, Rapeseed Russia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	850	890	970	1,190	1,200	1,350
Area Harvested	840	840	970	975	1,150	1,295
Beginning Stocks	98	98	123	123	62	43
Production	1,050	1,055	1,035	1,035	1,300	1,300
MY Imports	1	1	1	0	1	0
MY Imp. from U.S.	0	0	0	0	0	0

MY Imp. from EU	1	1	1	0	1	0
Total Supply	1,149	1,154	1,159	1,158	1,363	1,343
MY Exports	54	54	20	40	30	50
MY Exp. to EU	40	40	40	40	40	50
Crush	955	950	1,060	1,050	1,220	1,250
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	17	27	17	25	25	17
Total Dom. Cons.	972	977	1,077	1,075	1,245	1,267
Ending Stocks	123	123	62	43	88	26
Total Distribution	1,149	1,154	1,159	1,158	1,363	1,343
1000 HA, 1000 MT						